



April 15, 2010

Mary Rupp, Secretary of the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, Virginia 22314-3428

RE: Comments on Proposed Rule IRPS 09-1 Chartering and Field of Membership of Community Credit Unions

CUAO appreciates the opportunity to provide input on the Proposed Rulemaking on National Credit Union Administration (NCUA) Regulation, Part 701, regarding Chartering and Field of Membership for Credit Unions.

The Credit Union Association of Oregon (CUAO) is a nonprofit, professional trade association representing Oregon's state, community, and federally chartered credit unions. Since 1936, CUAO has been at the forefront of credit union issues at the state, regional, and national level, and provides a voice for Oregon's 1.4 million credit union members on issues impacting credit unions at a local level.

CUAO applauds NCUA in its work to streamline and clarify the requirements of the community charter application process.

These comments will focus on three key areas:

- Rural district definition
- Marketing plans
- Processing of Applications Prior to the Adoption of a Final Rule

#### Rural District

The Board is proposing to define a rural district as 1) a contiguous geographic area that has more than 50 percent of its population in census blocks that are designated as rural by the U.S. Census Bureau, and 2) where the total population of the area does not exceed 100,000 persons.

While there is a supposed need to finally define what a Rural District is, to base this definition, even in part, on number of persons in a particular area, without qualifying where that criteria came from is subject to challenge and scrutiny. It is

also not a one-size fits all definition, depending on what part of the country you happen to be analyzing.

Rural has multiple, differing definitions used by federal agencies which is aptly pointed out in the June 2008 issue of the U.S. Department of Agriculture publication, *Amber Waves*.<sup>1</sup>

The fact remains, the definition of rural is subjective. The USDA article suggests one way to determine what is rural is to simply identify urban areas first. Rural is then defined as the territory that is not included as urban. If it were that simple surely the federal agencies would have figured that out long ago. Or perhaps, it is that simple.

According to the 2000 Census, Oregon has roughly 36 persons per square mile compared to the national figure of nearly 80 persons per square mile. That fact alone speaks to the inequity of such a broad definition to be met across the country's different playing fields.

We do not need an additional federal agency definition of rural. As such, there is more work to be done prior to defining what rural will mean for community credit union applications and field of membership expansions. Our recommendation is to remove any attempt to arrive at a definition at this time.

### Marketing Plans

The Board is proposing additional guidance to credit unions regarding marketing plan requirements. Developing a meaningful marketing plan is a burdensome part of the expansion process and has always been a struggle, resulting in back-and-forth discussions between the credit union and NCUA.

CUAO supports clarification of what an acceptable marketing plan is. However, some of the additional requirements proposed will go nowhere in clarifying what the marketing plan is to look like, only add to the burden.

Further, to hold a credit union to its original marketing plan for three years, or face supervisory actions, will not serve the community or the credit union. Some details and priorities will vet themselves out after the credit union becomes active and familiar with its new community and develops partnerships within that community. Some of these particulars could not possibly be known at the time the original marketing plan is developed. Like other credit union marketing plans, the Board should allow for this plan to be fluid to adequately address the needs of the community as those needs become known.

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<sup>1</sup> USDA June 2008 *Amber Waves*: Defining the Rural in Rural America  
<http://www.ers.usda.gov/AmberWaves/June08/Features/RuralAmerica.htm>

Certainly we would support some amount of reasonable regional office follow-up, credit union accountability and movement in the appropriate direction.

Processing of Applications Prior to the Adoption of a Final Rule

NCUA ceased accepting applications for community charter applications, except for those based on grandfathered Well Defined Local Community (WDLCs) or single political jurisdictions, as of the date of this proposal, December 17, 2009. After the final rule's effective date, NCUA will again accept all community charter applications based on the final rules.

Our recommendation is that NCUA reconsider that decision and begin to actively review all requests based on current regulation. To continue to delay consideration until a final rule is received, and an effective date is determined, will stand in the way of credit unions meeting the needs of Oregonians across the state.

Thank you for affording us the opportunity to comment, and I sincerely appreciate your consideration.

If you have any questions or would like further information, please feel free to contact me at the CUAO office, 800-688-6098 ext 214.

Respectfully Submitted,

A handwritten signature in dark ink, appearing to read "Janet M. Josselyn". The signature is fluid and cursive, with the first name "Janet" being more prominent.

Janet M. Josselyn  
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Credit Union Association of Oregon  
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